

# AVIO

Change in Recommendation

**HOLD ord.** (Prev.: Buy)

Target: **€ 46.00** (Prev.: € 42.00)

Risk: Medium

STOCKDATA		ORD		
Price (as of 28 May 2026)		43.9		
Bloomberg Code		AVIO IM		
Market Cap (€ mn)		2,053		
Free Float		76%		
Shares Out (mn)		46.8		
52 week Range		€ 15.1 - 51.9		
Daily Volume		1,080,244		
Performance (%)	1M	3M	1Y	
Absolute	42.8	24.1	158.0	
Rel to FTSE Italia All-Share	37.3	17.9	109.4	
MAIN METRICS		2025	2026E	2027E
SALES Adj		542	585	630
EBITDA Adj		34.8	34.9	37.3
EBIT Adj		14.5	14.1	14.0
NET INCOME Adj		6.0	12.3	10.6
EPS Adj - €c		20.6	26.3	22.7
DPS Ord - €c		14.8	10.0	10.0
MULTIPLES		2025	2026E	2027E
P/E ord Adj		142x	167x	193x
EV/EBITDA Adj		22.5x	46.9x	46.1x
EV/EBIT Adj		53.9x	116x	123x
REMUNERATION		2025	2026E	2027E
Div. Yield ord (A)		0.7%	0.2%	0.2%
FCF Yield Adj		78.6%	-8.2%	-3.8%
INDEBTEDNESS		2025	2026E	2027E
NFP Adj		592	417	334
Nfp Ex lfrs16		632	458	384
D/Ebitda Adj		n.m.	n.m.	n.m.

## PRICE ORD LAST 365 DAYS



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## DOWNGRADE FOLLOWING THE RECENT STRONG STOCK REBOUND

**Growth story intact, pending new orders announcement and execution of the new US plant producing solid propellant for missile motors. Downgrade to HOLD because of the stock performance (pumped up by Space sector positive sentiment driven by SpaceX news flow), approaching our target price (revised upwards by 9.5%).**

### SpaceX news flow helped the whole Space related stocks performance

Following the announcement of SpaceX's IPO on May 20<sup>th</sup>, all space sector stocks were positively influenced (AVIO stock +35% abs.) even though SpaceX's story is one of a kind. This effect may last longer pumped up by specialized ETF/funds inflows, but **AVIO is now trading around our target price.**

### Business plan visibility unchanged

We believe the **business plan targets visibility is unchanged** and, as already commented in our previous notes, for the defense business it has even improved, considering the recent geopolitical context in which missiles are used on a large scale, increasing the gap between supply and demand (see appendix). Even in the event of widespread peace, the **arsenals will have to be replenished for deterrence strategy.**

### In 1Q26 better operating performance, worse FCF and low order intake

- **net revenues +19% YoY** to €128.5mn with the contribution of all divisions (defense +20% YoY to €21.6mn and launchers +17% to €107mn) vs expected €115mn
- **adj. EBITDA +19% YoY at €5.7mn** vs expected €4.6mn; excluding the start-up costs of the US plant (€1.5mn vs €0.8mn in 1Q25) it would be +40% YoY to €6.7mn
- **net cash €559mn** worse than the €570mn exp., due to the higher recognition to suppliers of part of the downpayments received in 2H25; capex was only €4mn vs €5mn exp.
- **order intake -11% YoY** to €80mn (book to bill 0.62x) of which €60mn defense, basically the US Army order (btb 2.6x) and €20mn for launchers, (btb 0.2x). As a result, backlog -2% seq. to €2.12bn (of which defense +6% seq. to €650mn).

### FY26 guidance reiterated (both consensus and our estimates are aligned)

- **revenues +3%/+9% YoY** at €560/€590mn vs our estimate of €585mn
- **adj. EBITDA -17%/+6% YoY at €29/€37mn vs €35mn estimate** (against business plan flattish until 2028 due to the US plant start-up costs which in 2026 worth €7-9mn)
- **net income -31%/+12% YoY** to €8/13mn vs €13mn expected
- **order intake -60%/-47% YoY** to €0.39-0.52bn (at mid-point book-to-bill ~0.8x vs our expectation of -24% YoY to €0.75bn).

### FY26 targets are "conservative"

As commented in our previous note, **CEO Ranzo clarified that FY26 guidance is conservative** ("there is room for upside, but we are waiting for precise information before doing so"):

- **revenues may achieve the top end of the range** (1Q confirmed this trajectory)
- **backlog projection only refers to hard orders and does not include any potential defense upside**, since there is typically a considerable time lag between the orders being received by the missile manufacturer and those being signed by the component suppliers (i.e. Avio) not easily predictable, neither from European MBDA (which recorded a book-to-bill in excess of 2x for 4 years in-a-row), nor from US customers (we believe the most likely is Raytheon). **This is the reason why our order intake is confirmed at €0.75bn.**

**Implied residual 9 months: revenues -1/+6% YoY and adj. EBITDA -22/+4% YoY.**

### Downgrade to HOLD following the recent strong stock performance

We stick to our view that AVIO will benefit from

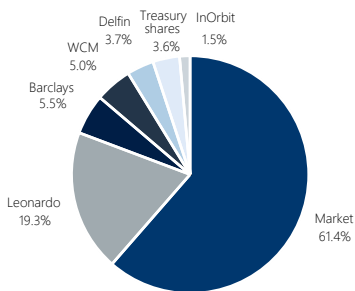
- **the US missiles demand acceleration** which may generate more orders deliverable from Italy (before the US plan start-up in 2H28) in addition to **MBDA** serving EU countries
- **more grants** from the US and Europe and **potential additional new programs** from both existing and new customers.

Nevertheless, following the recent stock performance (+48% abs. since May-13<sup>th</sup>), approaching our target price, **we downgrade to HOLD. Estimates unchanged, target +9.5% to €46PS** (=2030/31E EV/EBITDA 22/17x and PE 54/37x) because of the defense target multiple upgrade.

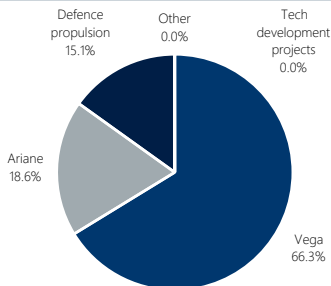
MAIN FIGURES - EURmn	2023	2024	2025	2026E	2027E	2028E
SALES Adj	339	442	542	585	630	706
Growth	-5.2%	30.4%	22.7%	8.0%	7.7%	12.0%
EBITDA Adj	28.0	31.2	34.8	34.9	37.3	46.3
Growth	0.9%	11.4%	11.4%	0.3%	6.9%	24.1%
EBIT Adj	12.7	13.8	14.5	14.1	14.0	19.0
Growth	48.2%	8.3%	5.1%	-2.8%	-0.7%	35.7%
PBT Adj	14.2	12.2	15.6	20.1	18.3	22.4
Growth	82.8%	-14.0%	28.2%	28.9%	-9.2%	22.9%
Net Income Adj	11.6	12.4	6.0	12.3	10.6	13.4
Growth	98.6%	7.1%	-51.6%	104.9%	-13.7%	26.7%
MARGIN - %	2023	2024	2025	2026E	2027E	2028E
EBITDA Adj Margin	8.3%	7.1%	6.4%	6.0%	5.9%	6.6%
Ebit Adj margin	3.8%	3.1%	2.7%	2.4%	2.2%	2.7%
Pbt Adj margin	4.2%	2.8%	2.9%	3.4%	2.9%	3.2%
Net Income Adj margin	3.4%	2.8%	1.1%	2.1%	1.7%	1.9%
SHARE DATA	2023	2024	2025	2026E	2027E	2028E
EPS Adj - €c	44.0	47.1	20.6	26.3	22.7	28.7
Growth	98.6%	7.1%	-56.2%	27.6%	-13.7%	26.7%
DPS ord(A) - €c	24.0	14.8	14.8	10.0	10.0	10.0
BVPS	11.4	11.5	14.9	15.0	15.2	15.3
VARIOUS	2023	2024	2025	2026E	2027E	2028E
Capital Employed	241	238	179	216	351	424
FCF	2.1	15.7	505	-168	-77.8	-44.2
CAPEX	38.4	39.5	44.3	90.0	140	115
Working capital	-155	-193	-294	-176	-197	-219
Trading Working capital	174	208	224	225	194	218
INDEBTNESS	2023	2024	2025	2026E	2027E	2028E
Nfp Adj	76.1	90.1	592	417	334	286
D/E Adj	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Debt / EBITDA Adj	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Nfp Ex Ifrs16	125	135	632	458	384	336
MARKET RATIOS	2023	2024	2025	2026E	2027E	2028E
P/E Ord Adj	15.5x	23.7x	142x	167x	193x	153x
P/E Ord Adj FD	15.9x	24.5x				
PBV	0.6x	0.8x	1.5x	2.9x	2.9x	2.9x
EV FIGURES	2023	2024	2025	2026E	2027E	2028E
EV/Sales	0.3x	0.5x	1.4x	2.8x	2.7x	2.5x
EV/EBITDA Adj	3.7x	6.5x	22.5x	46.9x	46.1x	38.2x
EV/EBIT Adj	8.1x	14.8x	53.9x	116.0x	122.7x	93.0x
EV/CE	0.4x	0.9x	4.4x	7.6x	4.9x	4.2x
REMUNERATION	2023	2024	2025	2026E	2027E	2028E
Div. Yield ord	3.3%	1.6%	0.7%	0.2%	0.2%	0.2%
FCF Yield Adj	1.1%	6.5%	78.6%	-8.2%	-3.8%	-3.0%
Roce Adj	5.2%	5.6%	6.2%	4.8%	3.5%	3.6%

Source: Company data and Equita SIM estimates

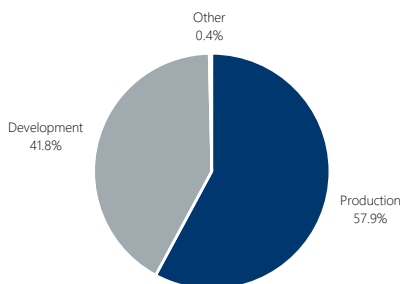
SHAREHOLDERS



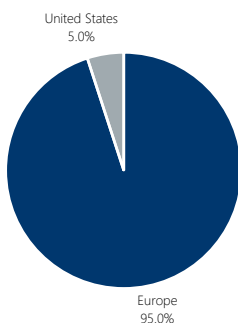
REVENUES BREAKDOWN BY PRODUCT



SALES SPLIT BY BUSINESS



GEOGRAPHICAL SALES BREAKDOWN



BUSINESS DESCRIPTION

**AVIO is a leading international space propulsion system provider** (solid, liquid and cryogenic) founded in 1912 as explosives maker (a pre-requisite to enter in the space business) and in the past 50 years evolved from supplier of solid rocket motors to system integrator and prime contractor. It was listed in Apr-17 through the business combination with Space2 SPAC.

It plays a **strategic role** in the space industry through 2 European launcher programmes:

- **it provides the boosters** and liquid-oxygen turbopumps **for Ariane 6**, the European heavy launcher for satellites up to 10 tons (for broadcasting, telecom applications and internet constellations) in the Geostationary Earth Orbit (GEO) at 36k km altitude
- **it is the prime contractor for Vega C**, the European light launcher for satellites up to 2 tons (for weather forecasting, earth observation and satellite internet constellations) in the Low Earth Orbit (LEO) at 300-2k km altitude.

**A launcher is a rocket capable of placing satellites accurately into space** for both institutional (public authorities or government agencies) and commercial clients (private companies). According to the Satellite Industry Association, **the launchers sector was worth >\$6bn; it enables access to space** with a **multiplier** effect on satellite manufacturing (~3x) and ground and satellite services ~20x.

**The critical success factor for a launcher is reliability.** The EU launchers remain the best-in-class worldwide: 1998-2024 combined (Ariane+Vega) failure rate is ~3% vs market avg. of ~6% (Ariane 5 at 2% on over 140 launches while Vega ~10% on 20 launches).

**The launchers market is oligopolistic** (~90% is accounted for by Russia, US, China and Europe), **typically funded by public investments** (in EU the European Space Agency-ESA), **with high technological entry barriers, long business cycle** (18-24 months from order intake to launch) and without **Chinese/Japanese competition** (operating only in their closed markets).

**The most important demand drivers are emerging commercial customers for mega LEO constellations deployment** such as Starlink by Space X, One Web and Amazon planning to launch thousands of sats (Kuiper Project), and **replacement demand** given the avg. useful life of 10-15 years for a GEO/MEO satellite and 2-7 years for a LEO one (>2k satellites are into orbit).

Historically, AVIO is also active in **defense propulsion business, producing boosters for missiles** on avg. worth ~6% group sales (with the only customer, MBDA); because of the recent geopolitics evolution its weight is quickly growing towards 20%. In 2024 **AVIO signed 2 contracts to develop a solid-propellant propulsion system for US customers** (the US Army for surface-to-air applications and Raytheon for its Mk 104 motor).

**The strategy envisages:**

- **improvement of its launchers market position** (higher launch cadence, higher payload, ...)
- **execution of the Defense Propulsion expansionary project in the US**
- **efficiency gains** (streamlining ground infrastructure operations, flight readiness launch frequency)
- **new product developments** (Vega E and P160 engine), lowering the launch costs, increasing the payload and improving the launchers versatility
- **industrial evolution** towards production automation, volume scale-up leveraging the commonalities provided such as the new P120 engine across the Ariane 6 and Vega C.

In Sep-25 it announced the **plan to build up a new site in the US for defense propulsion** serving main US missile-makers, proving **strong group long-term targets** (2025-35E revenues >10% CAGR and EBITDA high-teens CAGR).

The Italian State-controlled aerospace and defense group **Leonardo** (shareholder since 2003) owns 19.3%. **In Orbit** (investment vehicle participated by Avio managers) **owns 1.5%**. **Space Holding** (the company promoting the business combination) sold its residual stake in 1H25.

STRENGTHS / OPPORTUNITIES

- Key role in the European Space sector
- Visibility supported by the strong order backlog
- Oligopolistic market/high technological entry barriers
- Defense propulsion strong market growth and new US customers opportunity
- Above the avg. reliability of Ariane/Vega launchers
- Growing launchers demand, particularly for LEO
- Economy of scale for P120 engine ramp-up

WEAKNESSES /THREATS

- Smaller size and low diversification compared to much larger competitors
- Only one spaceport (French Guiana)
- Public budgets constraints
- Price pressure in launcher business
- Competitors' reusable technology
- Flights failure risk causing extra costs and delays
- Erratic orders intake/down payments

QUICK OVERVIEW

AVIO: MAIN PRODUCTS

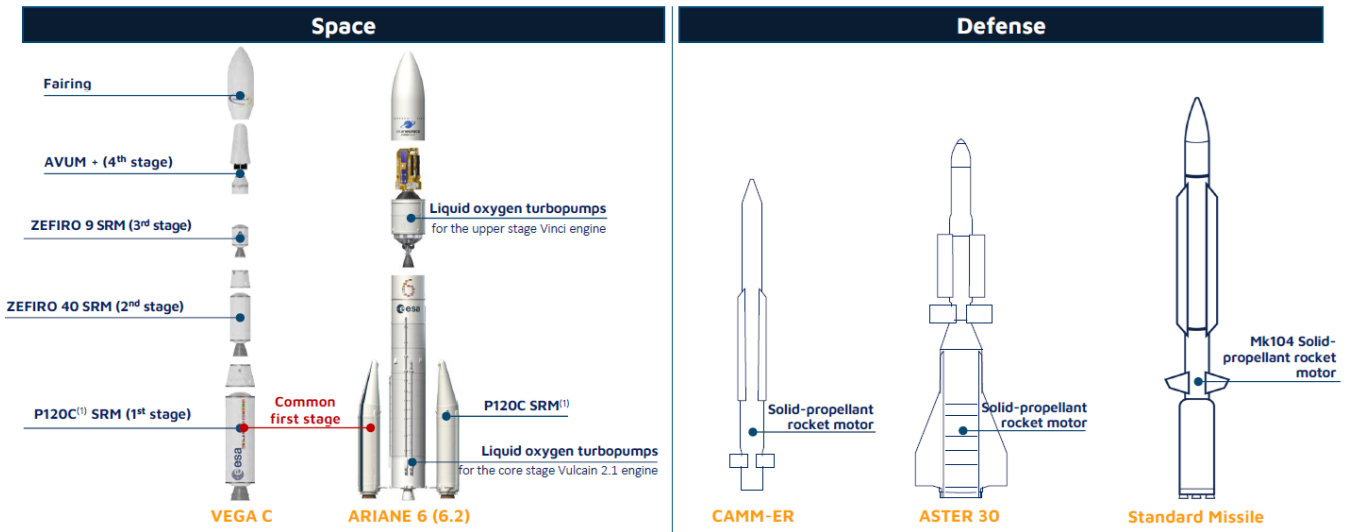


Photo credits: ESA. CAMM-ER and ASTER 30 are products of MBDA Group  
SRM: Solid Rocket Motor  
Source: company presentation

AVIO: QUICK HISTORY

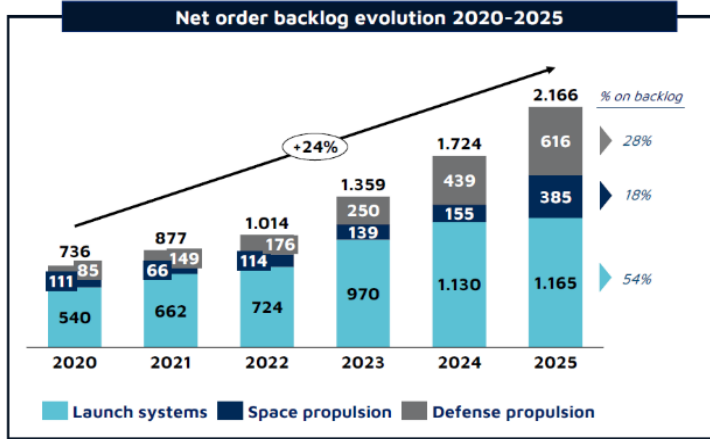
Avio's 60 years track record in space and defense propulsion

	<b>Ariane 1-3</b> Separation motors		<b>Ariane 4</b> 9 tons boosters		<b>Ariane 5</b> 240 tons boosters		<b>Vega</b> Launch system		<b>Vega C</b> improved performance		<b>Ariane 6</b> 280/560 tons boosters			
SPACE														
DEFENSE	<b>HAWK</b>		<b>MLRS</b> 100,000+ SRMs		<b>MILAN</b> 23,000+ SRMs		<b>ASPIDE</b> 4,000+ SRMs		<b>ASTER 30</b> 2,200+ Boosters		<b>MARTE</b> 300 SRMs		<b>CAMM-ER</b> Series Production in 2024	
	1960's		1980's		1990's		2000's		2010's		2024		22	
	SRM: Solid Rocket Motor		Photo credits: ESA, MBDA, publicly available info											

Source: company presentation

AVIO: GROWING BACKLOG

Figures in €m



Production accounts for ~70% of 2025 backlog, Development for ~30%

Main comments

- Record backlog level of €2.2bn (+26% vs. 2024)
- Order intakes in 2025 amounting to ~€1.0bn including:
  - Launch systems ~€400m: mainly related to the Vega C contracts transferred to Avio within the framework of the Launch Service Provider activities
  - Space propulsion ~€330m: mainly related to the major contract (>€200m) signed for production of boosters and equipment for Ariane 6 up to 2029
  - Defense propulsion ~€260m: mainly related to Aster missiles propulsion production and contracts signed with U.S. Govt' Armed Forces

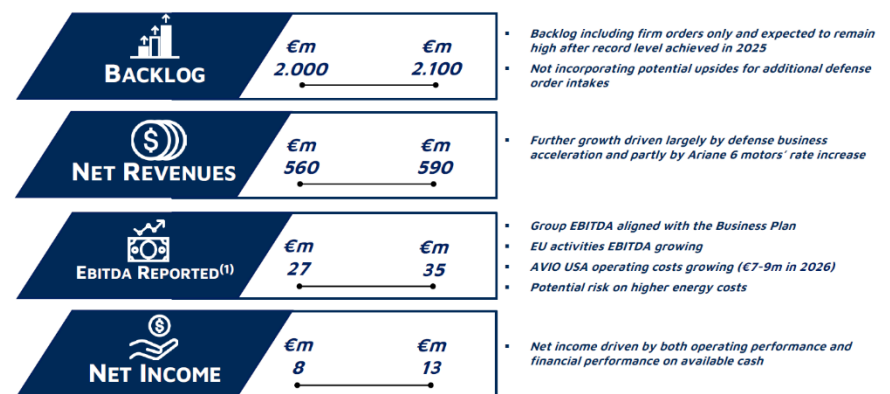
Source: Company presentation

INSIGHTS FROM THE CALL HELD ON MAY 12<sup>TH</sup>

- Prospects for the Defence business:** considering geopolitical developments, demand is even higher than indicated last year at the time of the capital increase, but it is difficult to quantify because the process to materialize into orders is long
- Construction of the new plant in the US:** everything is going according to plan; during 2Q the land in Virginia was bought
- cost of gas to produce solid propellant:** the rebound caused by the war in the Middle East at present is estimated to have a negative impact of €1-2mn (from the previous indication of €-2/-2.5mn) and it is still too early to think about renegotiations with customers
- M&A for vertical integration** remains a goal, but will be considered when there will be greater visibility on long-term growth.

FY26 GUIDANCE UNCHANGED

AVIO: FY26 GUIDANCE



(1) Implying an EBITDA Adjusted ranging from €29m to €37m assuming €2m as non recurring costs

Source: Company presentation

We remind that FY26 EBITDA guidance,

- shows a wide range also because of the caution about the recent gas cost rebound (which is used to produce the solid propellant) although management reduced the estimated impact to €1-2mn (from previous €2/2.5mn negative impact). Since the contracts typically do not have automatic contractual pass-through clauses, in extreme cases it would require renegotiation with customers.
- factors in €7/9mn of start-up costs for the new US plant (compared to €4.2mn in FY25), without which it would be €36/46mn, or -8/+18% YoY

## WE BELIEVE ORDER INTAKE MAY BE BETTER

As far as **order intake** is concerned, we highlight that the **FY26 management guidance is particularly weak** (book-to-bill just 0.62x)

- not only because it is **difficult to predict the timing of the defense orders** (which will come for sure from both MBDA and new US customers),
- but also because in FY25 Avio signed a **jumbo multi-year contract** with Arianespace for boosters worth €200mn which de facto arrived one year earlier than expected.

As far as defense business is concerned, **we expect further orders** not factored in the management guidance coming from

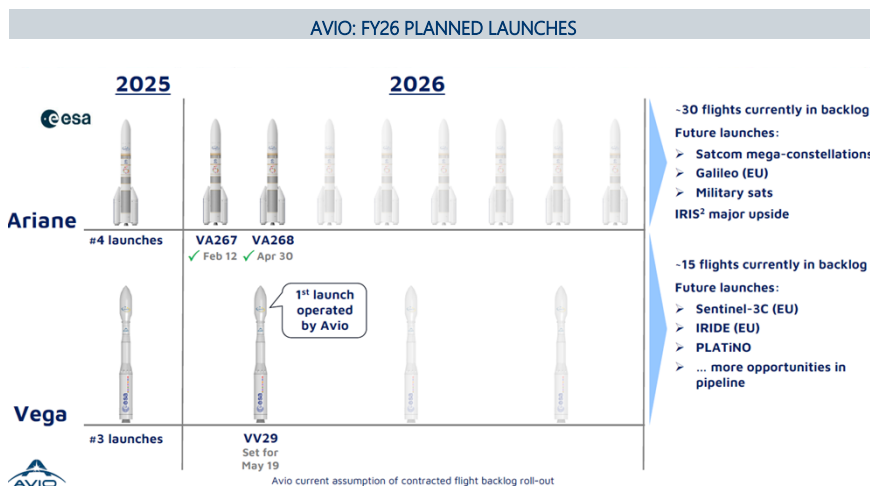
- **both Europe (i.e. MBDA)** such as the SAMP/T anti-missile systems that use the Aster 30 for which Avio produces the motors, being purchased/currently evaluated by several European countries including Denmark, Belgium, Luxembourg and Greece
- **and the US customers**, knowing that the US 700-ton facility to start in 2028 may be expanded by 2-3x with relatively low capex compared to the initial investment (€0.5+bn) and meanwhile US customers may be supplied from Italy where there is a sizable available production capacity (we estimate as of today >300 tons).

## THE LAUNCHERS ACTIVITY IS SUCCESSFULLY PROGRESSING

On May 19<sup>th</sup> night, **Avio successfully launched the Vega C VV29**, which carried into orbit the Solar wind Magnetosphere Ionosphere Link Explorer (SMILE) scientific satellite for the European Space Agency and the Chinese Academy of Sciences.

This was **the first launch of Vega C with Avio in the successful role of Launch Service Operator** (formerly performed by Arianespace).

With this launch, the **number of launches completed since the beginning of the year rises to 3** (2 Ariane 6 and 1 Vega C).



Source: Company presentation (1Q26 results)

**SOTP UPGRADED TO FACTOR IN THE DEFENCE FAVOURABLE ENVIRONMENT**

We stick to our view that **it is correct to evaluate AVIO on 2030-31E figures**, when the new US plant will be fully operational.

**SOTP +9.5% to €46PS** (=2030/31E EV/EBITDA ~22/17x and PE ~54/37x), splitting:

- **Defense** (motor missiles), with a higher EV/EBITDA (18x improved from previous 16x due to recent sector multiples re-rating and the likely stronger demand than initially expected) to factor in the bright growth potential with higher margins (believing that operating leverage may lead to even higher profit margins than company's guidance)
- **Space** (launchers), to which we apply a lower EV/EBITDA multiple (10x confirmed), getting an equity value around €0.3bn
- **Grants at €64mn** including those already recently announced by the Virginia State (\$98mn) while more should come.

AVIO: SOTP VALUATION (€ mn) based on 2031E figures			
	Space	Defense	Group
Sales	525	630	1,155
EBITDA	26	91	118
Margin	5%	15%	10.2%
Multiple	10.0 x	18.0 x	16.2 x
<b>EV</b>	<b>262</b>	<b>1,644</b>	<b>1,906</b>
NFP			225
Other assets/liabilities			-29
Grants			64
<b>Total</b>			<b>2,165</b>
# shares (mn)			46.8
<b>Valuation (€ PS)</b>			<b>46</b>

*Source: Equita SIM estimates*

AVIO: SOTP SENSITIVITY (€ mn) TO DIFFERENT DEFENSE 2031E EV/EBITDA MULTIPLES										
Multiple	14.0 x	15.0 x	16.0 x	17.0 x	18.0 x	19.0 x	20.0 x	21.0 x	22.0 x	
Defense	1,279	1,370	1,462	1,553	<b>1,644</b>	1,736	1,827	1,918	2,010	
Equity	<b>1,800</b>	<b>1,891</b>	<b>1,983</b>	<b>2,074</b>	<b>2,165</b>	<b>2,257</b>	<b>2,348</b>	<b>2,439</b>	<b>2,531</b>	
# shares (mn)	47	47	47	47	<b>47</b>	47	47	47	47	
<b>Valuation (€PS)</b>	<b>38</b>	<b>40</b>	<b>42</b>	<b>44</b>	<b>46</b>	<b>48</b>	<b>50</b>	<b>52</b>	<b>54</b>	

*Source: Equita SIM estimates*

As already written in our previous notes, we identify the US **Karman Holding to be the most comparable** company (operating in AVIO's reference markets - Propulsion and Space).

It serves over 70 customers and 100 programs, almost equally spread among

- Hypersonic and Strategic Missile Defense: propulsion systems
- Tactical Missiles and Integrated Defense Systems: Aerodynamic Interstage Systems
- Space and Launch: Payload Protection & Deployment Systems

Consensus estimates issued by Factset forecast 2026E sales at \$627mn (+53% YoY) with an EBITDA margin ranging from 29% to 30%+ in the next 3 years.

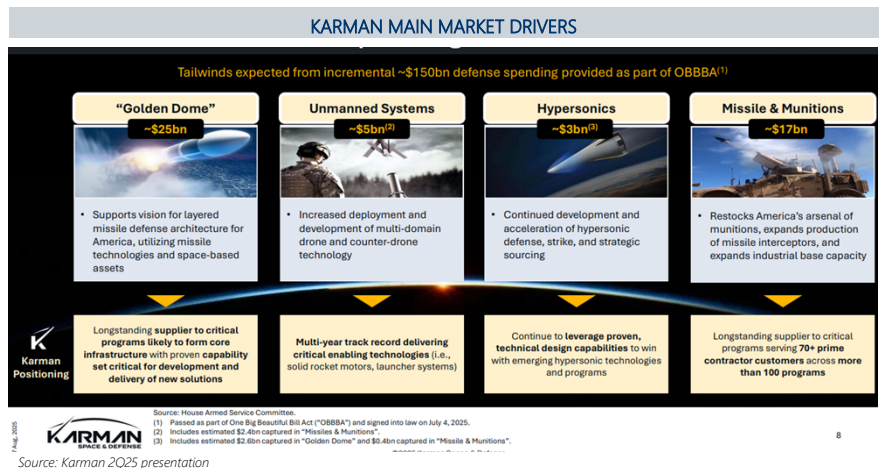
**KARMAN HOLDING: MAIN SEGEMENT / PRODUCTS**

**Karman is a Leading IP-Driven Merchant Supplier to Prime Contractors in Three High-Priority End Markets**

<b>END MARKETS</b>	<p><b>Hypersonics &amp; Strategic Missile Defense</b></p>  <p>Hypersonics, missile deterrent technologies and strategic missile defense systems</p>	<p><b>Tactical Missiles &amp; Integrated Defense Systems</b></p>  <p>Precision guided, small-diameter rocket and missile technologies and integrated defense systems</p>	<p><b>Space &amp; Launch</b></p>  <p>Traditional and new space launch and rocket systems, space capsules, vehicles and payloads</p>	
<b>PRODUCT AREAS</b>	<p><b>Propulsion Systems</b></p>  <p>Vertically integrated offering of propulsion systems, launchers and subsystems</p>	<p><b>Aerodynamic Interstage Systems</b></p>  <p>Supporting subsystems for aerodynamics and interstage / hardware connection systems</p>	<p><b>Payload Protection &amp; Deployment Systems</b></p>  <p>Full design and manufacturing of deployable shrouds, nose cones and supporting systems</p>	
	<p><b>~800K Square Ft.</b> Across 11 Locations</p>	<p><b>40+ Years</b> Heritage of Mission-Success</p>	<p><b>~1,100</b> Employees @12/31/24</p>	<p><b>~180</b> Engineers @ 12/31/24</p>

**ADVANCED SOLUTIONS FROM DESIGN TO PRODUCTION FOR OVER 70 CUSTOMERS & 100 PROGRAMS**

*Source: Karman 2Q25 presentation*



It trades at very high multiples: 2027/28E PE 72/53x and EV/EBITDA ~34/27x (based on Factset consensus estimates). We do not disagree about its very high stock multiples considering the growth prospects, but we highlight the several evident **differences between Karman and Avio which would suggest the application of a discount for Avio considering the much lower profitability.**

KARMAN vs AVIO: MAIN DIFFERENCES		
Main features	Karman Holding	AVIO
US exposure	100%	5% growing to ~40% in 2035
EBITDA margin	>30% through 2028	<10% until at least until 2028 Later on moving towards 15%
Capex to sales	Mid single digit through 2028	High teens
EBITDA 2025-28E CAGR	23%	13% (much higher thereafter)
EPS 2025-28E CAGR	66%	5% (much higher thereafter)

Source: Equita SIM estimates

We consider other listed US players not pure comparables although working in the same field:

- **Rocket Lab** (market cap around €73bn), operating only in Space, providing launch services through Electron, focused on Kerosene/methan propellant
- **Firefly** (market cap close to €7bn), operating only in space business and still loss-making until 2028 based on Factset consensus estimates.

We understand the **positive sentiment of the whole space related stocks driven by the upcoming biggest ever SpaceX IPO** at super high stock multiples, however no need to mention that there are **several macro differences not allowing to consider SpaceX a comparable for AVIO** (being enormously larger with a number of launches/year which is >10x larger, more vertically integrated, having the ownership of satellite constellations generating recurring service fees, having AI direct exposure, ...).

## STATEMENT OF RISKS FOR AVIO

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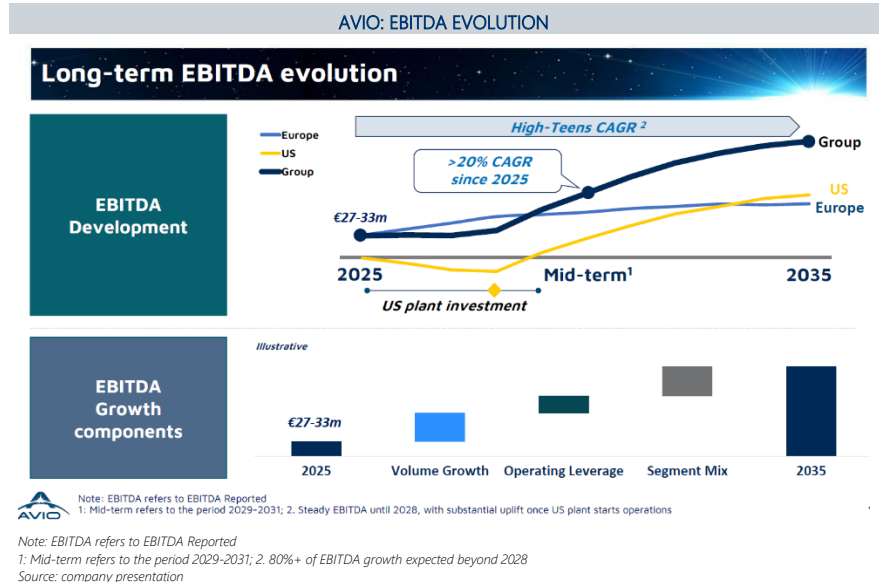
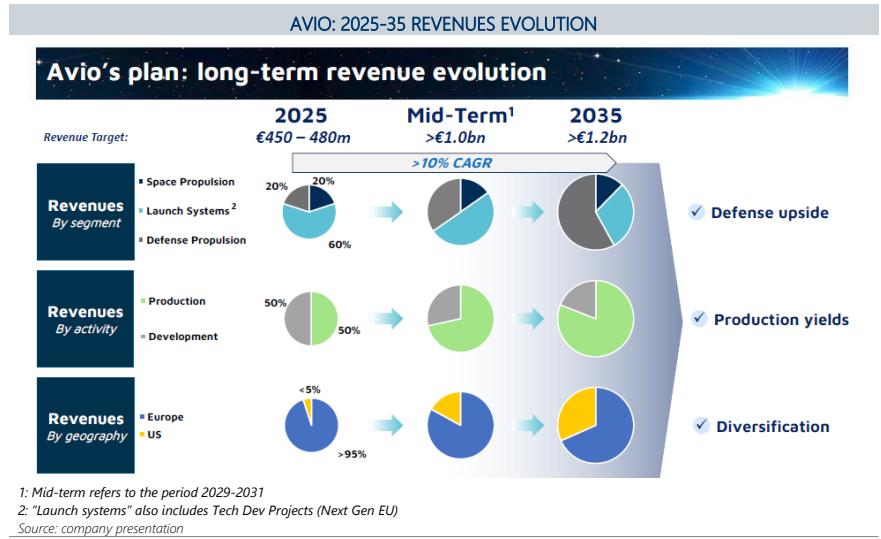
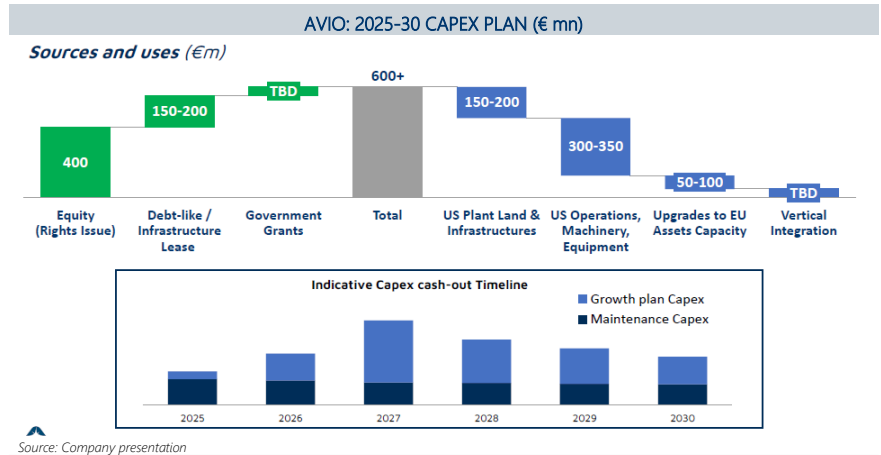
The primary elements that could **negatively** impact the stock include:

- Significant deterioration in the reference macroeconomic scenario
- Significant increase in short term interest rates
- European Space budget cuts and European Governments instability
- Launch failures affecting the reliability
- More expensive and longer than expected development programs
- Worsening R&D fiscal incentives schemes
- Competitors' technological innovation generating price pressure
- Delay in the execution of the US solid propellant capacity development

The primary elements that could **positively** impact the stock include:

- Significant improvement in the reference macroeconomic scenario
- Significant decrease in short term interest rates
- European Space budget expansion and European Governments stability
- Successful launches improving the reliability
- Less expensive and shorter than expected development programs
- Improving R&D fiscal incentives schemes
- No additional competitors' technological innovation generating price pressure
- Acceleration in the execution of the US solid propellant capacity development

APPENDIX: BUSINESS PLAN RECAP IN FEW SLIDES



AVIO: US EXPANSIONARY OPPORTUNITY

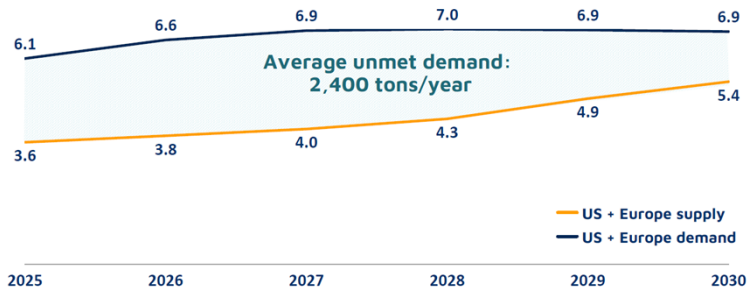
A new plant in the US to capture the full market potential

Key Highlights	Operations	Key Contracts															
<b>Engineering and production</b> Greenfield SRM facility Merchant supplier for OEMs / Armed Forces  <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>&gt;3 Customers</p> </div> <div style="text-align: center;"> <p>10+ Programs</p> </div> </div> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Up to 700 Tons of propellant annual production</p> </div> <div style="text-align: center;"> <p>2028 Start of Production in US</p> </div> </div>	<b>Site identified</b> Preliminary design done Procurement started   <p style="text-align: right; font-size: small;">Rendering of the plant</p>	<table border="1"> <thead> <tr> <th>Customer</th> <th>Production Site</th> <th>Contract Overview</th> </tr> </thead> <tbody> <tr> <td>US Gov't Armed Forces</td> <td></td> <td>New agreement for manufacturing, assembly, and testing</td> </tr> <tr> <td> Raytheon An RTX Business</td> <td></td> <td>Under contract to achieve qualification of Mk 104 SRM</td> </tr> <tr> <td>US Prime B</td> <td></td> <td>In discussion on multiple programs to become a second-source supplier</td> </tr> <tr> <td>International Defense Customer</td> <td></td> <td>Letter of Intent signed with an international solid rocket motor manufacturer</td> </tr> </tbody> </table>	Customer	Production Site	Contract Overview	US Gov't Armed Forces		New agreement for manufacturing, assembly, and testing	Raytheon An RTX Business		Under contract to achieve qualification of Mk 104 SRM	US Prime B		In discussion on multiple programs to become a second-source supplier	International Defense Customer		Letter of Intent signed with an international solid rocket motor manufacturer
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US Prime B		In discussion on multiple programs to become a second-source supplier															
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Source: company presentation

US AND EUROPE MISSILE PROPULSION MARKET: SUPPLY vs DEMAND

Current Estimate of US & EU Missile Propulsion Supply and Demand (propellant k tons / year)



Source: company presentation

In defense propulsion business, through the Italian plant AVIO is currently able to deliver 200/300 motors p.a., "with the possibility to comfortably reach 600 motors p.a. and projecting by the end of the decade to be close to 1k units p.a."

AVIO: SOLID PROPELLANT OUTPUT CAPACITY EVOLUTION (ton)

	2025	=>	2028E*	% change	Capex (€ mn)
Kourou (1)	6,000	=>	6,000	0%	
Utilisation rate	<50%				
Colleferro (2)	550	=>	1,000	82%	50-100
Utilisation rate	~50%		43%		
US (3)	0	=>	700	n.m.	400-500
<b>TOTAL (1+2+3)</b>	<b>6,550</b>	<b>=&gt;</b>	<b>7,700</b>	<b>18%</b>	

(1) producing P120 and future P160 boosters

(2) producing Vega's Zefiro 40 and Zefiro 9, Aster 30 and CAMM-ER motors

(3) producing Mk 104 and additional missile motors once homologated

\* potential theoretical capacity

Source: Equita SIM estimates and company data

P&L - €mn	2023	2024	2025	2026E	2027E	2028E
<b>SALES Rep</b>	<b>339</b>	<b>442</b>	<b>542</b>	<b>585</b>	<b>630</b>	<b>706</b>
Growth	-5.2%	30.4%	22.7%	8.0%	7.7%	12.0%
<b>EBITDA Rep</b>	<b>20.5</b>	<b>25.8</b>	<b>32.3</b>	<b>32.9</b>	<b>35.3</b>	<b>44.3</b>
Growth	-4.3%	25.9%	25.1%	1.9%	7.3%	25.5%
Margin	6.1%	5.8%	6.0%	5.6%	5.6%	6.3%
<b>D&amp;A</b>	<b>-15.3</b>	<b>-17.4</b>	<b>-20.3</b>	<b>-20.8</b>	<b>-23.3</b>	<b>-27.3</b>
<b>EBIT Rep</b>	<b>5.2</b>	<b>8.4</b>	<b>12.0</b>	<b>12.1</b>	<b>12.0</b>	<b>17.0</b>
Growth	133.1%	60.4%	43.1%	0.8%	-0.8%	41.7%
Margin	1.5%	1.9%	2.2%	2.1%	1.9%	2.4%
<b>Financial Expenses</b>	<b>1.4</b>	<b>-1.6</b>	<b>1.1</b>	<b>6.0</b>	<b>4.3</b>	<b>3.4</b>
<b>PBT Rep</b>	<b>6.6</b>	<b>6.8</b>	<b>13.1</b>	<b>18.1</b>	<b>16.3</b>	<b>20.4</b>
Growth	379.1%	1.8%	93.9%	38.2%	-10.2%	25.7%
Income Taxes	0.0	-0.4	-1.5	-4.5	-4.1	-5.1
Tax rate	0.3%	5.6%	11.3%	25.0%	25.0%	25.0%
<b>Minority Interest</b>	<b>-0.1</b>	<b>-0.3</b>	<b>-1.1</b>	<b>-0.9</b>	<b>-1.2</b>	<b>-1.5</b>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Income Rep</b>	<b>6.5</b>	<b>6.1</b>	<b>10.5</b>	<b>12.7</b>	<b>11.0</b>	<b>13.8</b>
Growth	n.m.	-6.2%	72.7%	20.7%	-13.3%	25.7%
Margin	1.9%	1.4%	1.9%	2.2%	1.7%	2.0%
<b>Net Income Adj</b>	<b>11.6</b>	<b>12.4</b>	<b>6.0</b>	<b>12.3</b>	<b>10.6</b>	<b>13.4</b>
Growth	98.6%	7.1%	-51.6%	104.9%	-13.7%	26.7%
Margin	3.4%	2.8%	1.1%	2.1%	1.7%	1.9%
CF Statement	2023	2024	2025	2026E	2027E	2028E
FFO	21.9	23.8	31.9	34.4	35.5	42.6
Chg. in Working Capital	30.3	37.5	102	-118	20.9	22.4
<b>NCF from Operations</b>	<b>52.2</b>	<b>61.4</b>	<b>133</b>	<b>-83.7</b>	<b>56.4</b>	<b>65.0</b>
CAPEX	-38.4	-39.5	-44.3	-90.0	-140	-115
Financial Investments	-0.5	4.3	0.0	0.0	0.0	0.0
<b>NCF from Investments</b>	<b>-38.9</b>	<b>-35.2</b>	<b>-44.3</b>	<b>-90.0</b>	<b>-140</b>	<b>-115</b>
Dividends paid	0.0	-6.0	-3.8	-6.9	-4.7	-4.7
Capital Increases	0.0	0.0	410	0.0	0.0	0.0
Other changes in financing	-11.7	-6.2	5.8	5.8	5.8	5.8
<b>NCF from Financing</b>	<b>-11.7</b>	<b>-12.2</b>	<b>412</b>	<b>-1.1</b>	<b>1.2</b>	<b>1.2</b>
<b>CHG IN NFP</b>	<b>1.7</b>	<b>14.0</b>	<b>502</b>	<b>-175</b>	<b>-82.5</b>	<b>-48.8</b>

Source: Company data and Equita SIM estimates

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BUY	ETR >= 10%	ETR >= 15%	ETR >= 20%
HOLD	-5% <ETR < 10%	-5% <ETR < 15%	0% <ETR < 20%
REDUCE	ETR <= -5%	ETR <= -5%	ETR <= 0%

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Date	Rec.	Target Price	Risk	Comment
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February 24, 2026	Hold	39.00	Medium	-
January 26, 2026	Hold	38.50	Medium	change in upside/downside potential because of stock performance
November 10, 2025	Buy	37.00	Medium	change in estimates/valuation
November 3, 2025	Hold	30.00	Medium	-
September 15, 2025	Hold	29.75	High	change in estimates/valuation
August 28, 2025	Hold	20.10	High	change in estimates/valuation
July 10, 2025	Hold	16.08	High	change in estimates/valuation

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HOLD	39.7%	31.8%
REDUCE	0.7%	0.0%
NOT RATED	2.6%	3.0%

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